

# UNIT-BASED PRICING

Unit-based pricing, also known as variable rate pricing, user pay, or pay-as-you-throw, is a system in which residents pay for municipal solid waste management services per unit of waste collected rather than through a fixed fee or property taxes.

This method is similar to how other utilities are priced. For example, a household's electrical and water bills are based upon the amount of water or electricity consumed. Unit-based pricing charges the household for the amount of waste collection and disposal services consumed. The household generating more waste pays more. If waste management services are priced properly, households examine alternatives for reducing costs. Therefore, the household reducing its waste through recycling and other strategies saves more.

Recognizing the potential of unit-based pricing in reducing waste, the 1994 Iowa General Assembly adopted Senate File 2300. The legislation requires that solid waste planning areas, failing to meet the 25 percent reduction goal, develop draft ordinances to be by local governments for establishing collection fees that are based on volume or the number of containers used for disposal by residents. (IA Code 455D.3(4))

## BENEFITS

- ❖ **Reduction of Waste Being Landfilled**
- ❖ **Reduction in Waste Management Costs**
  - ❖ decreased landfill tipping fee expenditures
  - ❖ reduced collection costs as routes are more quickly processed
  - ❖ extended landfill life
  - ❖ increased use of existing recycling programs
- ❖ **Increased Recycling**
- ❖ **Protection of the Environment**
- ❖ **Establishment of a More Equitable Fee Structure**

## DESIGN OPTIONS

There are five major design options available to communities implementing unit-based pricing. Communities should modify each program so that it meets the needs of their city. The design options are:

**Pre-Paid Bag** - Households pay a fee by purchasing "official" distinctively marked, standard-sized trash bags, typically 20 to 30 gallons in capacity. Residents purchase bags from municipal offices and/or retail stores. Only garbage in "official" bags is collected.

**Pre-Paid Tag/Sticker** - Households pay a fee by purchasing "official" tags or stickers. The fee covers a specific size, or sizes of, containers. Tags or stickers are purchased from municipal offices and/or retail stores. Only containers of garbage with the "official" tag or sticker are collected.

**Subscription Systems** - Households sign up for collection of a specific size or number of containers of garbage per billing period. Charges are based on the amount of service chosen, with higher service levels costing more. Tags, bags, or stickers are required above subscription level.

**Weight-based Systems** - Households pay a set fee per pound of garbage contained in designated containers. The garbage is weighed upon delivery or pickup.

**Hybrid System** - A hybrid system combines a flat fee with some form of fee per unit. Municipalities with this system often offer a basic level of service, such as collection of one unit of garbage. Any units above the first must bear the appropriate tag, bag, or sticker.

## FACTS:

Sixty percent of the Iowa communities with unit-based pricing indicated that the cost of their refuse collection and disposal either decreased or stayed the same after the program was implemented.

## ASSISTANCE:

- ❖ <http://www.epa.gov/payt/index.htm>
- ❖ Free tool kit from EPA at 1-888-EPA-PAYT
- ❖ Waste Management Assistance Bureau at 515-281-8382